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BUSINESS CONDITIONS

Vol. 6 No. 10

October, 1933

	ALEXANDER HAMILTON INSTITUTE	BABSON STATISTICAL ORGANIZATION	BROOKMIRE ECONOMIC SERVICE	THOMAS GIBSON	SILVERMASTER
GENERAL OUTLOOK	It is probable that 1926 price level will not be seen for many years unless some unsound inflationary measure is adopted (Oct. 7).	Congress, convening in January, will be asked to rush through batch of special legislation designed to extend basic principles of present program (Oct. 9).	Expanding employment and payrolls furnish soundest sort of basis for belief that a resumption of upward trend in general business will not be long delayed (Oct. 16).	Swing to orthodox, time-tested and economically sound methods is under way in Washington (Oct. 13).	Immediate late no average for
MONEY AND CREDIT	Question which will become pertinent when demand for commercial bank credit renews member banks' demand for reserve credit is handling bulky portfolio of governments (Oct. 7).	Currency inflation still a live topic but thus far, steps taken by Administration have been primarily along line of credit expansion (Oct. 9).	Stabilizing currency at a proper level will establish confidence and encourage extension of long-term financing, thereby promoting capital expansion (Oct. 9).	Reducing gold content of dollar would mean greatest realignment of real wealth that has ever taken place between individuals in history (Oct. 20).	Idle either com
SECURITY MARKETS	Foreign investors have been selling a considerable portion of their American security holdings and converting dollars into their own currencies (Sept. 30).	Readjustments of past two months and moderation of trading have materially benefited technical position of stock market (Oct. 16).	Government's policy of raising price level through dollar devaluation makes desirable the ownership of equities, particularly issues likely to be favorably affected by this policy (Oct. 9).	There can be no new securities market until government bonds can be sold on a long term basis (Oct. 20).	S. tari is no reve volu
PRODUCTION	Industrial production during the first eight months was 20.4% higher in 1933 than in 1932 (Oct. 14).	Rising inventories in some commodities have forced curtailment in production which will extend to other lines unless buying in volume is shortly resumed (Sept. 25).	Curtailement of production has occurred in past month in industries where rate had previously expanded so fast as to outstrip consumption (Oct. 16).	Industrial volume promises to develop during coming months as business deferred by uncertainty and strikes materializes (Oct. 13).	T. sma driv for beca are
DISTRIBUTION	Index of the value of department store sales dropped from 77 in August to 70 in September, thus cancelling 35% of rise during Spring and Summer (Oct. 14).	Many lines of retailing are doing better (Oct. 16).	Buying power appears large enough to increase the volume of retail trade (Oct. 9).	Retail sales are again on up-grade and merchandisers should do well during coming months (Oct. 13).	A. face ther per trib
BUILDING	Failure of building activity to provide business with more support makes it difficult to understand how business recovery movement can escape substantial set-back (Oct. 14).	Building industry shows a gradual upward trend in all important classes of construction (Oct. 16).	Reversal of doubling up of families forced by depression, and a big increase in marriages, will revive home building (Oct. 9).	New construction contracts let in September were almost equal to those of same month last year and gained over August (Oct. 13).	G. are spit to 30)
AGRICULTURE	Rise in farm income which is a measuring rod for manufacturing activity is not sufficient to support the high level attained by factory output (Oct. 7).	During past month weakness has predominated in agricultural commodities and agricultural price index declined to 85.2, compared with 89.5 a month ago (Sept. 25).	Farm picture is particularly bright, as increase in prices is only beginning to become effective in giving farmer actual cash to spend (Sept. 25).	As far as farmers are concerned, crude inflation would cut debt in half but not bring about price readjustment between farm and other commodities (Oct. 20).	G. lati rise ther not 30)
COMMODITY PRICES	Bureau of Labor Statistics' index of commodity prices rose in August for sixth consecutive month to a new high for current upward movement (Oct. 7).	Industrial commodity price index increased 3% during the past month to 118.9 compared with 101.6 a year ago (Oct. 16).	Prices of volatile items rose too fast up to July under stimulus of excessive speculation; set-back since then is in the nature of a corrective reaction (Oct. 9).	Commodity price level (in terms of gold) is inordinately low (Oct. 13).	A. mer spo will 30)
FOREIGN TRADE AND CONDITIONS	Despite a 35% reduction in gold value of dollar, foreign trade of U. S. during August showed excess of imports over exports of \$24,000,000 (Oct. 14).	World consumption of wheat will exceed total production in 1933-1934. U. S. visible supplies at 144,276,000 bushels on Sept. 1 were smallest on that date since 1928 (Sept. 25).	Conservative view of world picture suggests that economic gains have been widespread enough to warrant assumption that general recovery has finally started (Oct. 9).	There is no gainsaying importance of recent developments in Europe. Fear of war and fear of currency depreciation again prevail (Oct. 20).	I. will tha raw
LABOR AND WAGES	Payrolls in August were 50.9% above depression's low in March when index was 36.9 (Oct. 7).	Employment and payroll totals for September continued recent upward movement although at less rapid rate than during Summer (Oct. 9).	September employment reports from N. Y. show improvement to have continued unabated. This is second month that gains have been large despite recessions in general activity (Oct. 16).	Practically 75 per cent of decline in employment has taken place in the "heavy" industries (Oct. 13).	G. has con adv mer

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NEWS AND FORECASTS

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	SILBERLING RESEARCH CORPORATION	CLEVELAND TRUST COMPANY	GUARANTY TRUST COMPANY	NATIONAL CITY BANK
test- found ash-	If fundamental economic problems are no nearer solution than latest reports reveal them to be, no tinkering with gold will avert demand for "more money for the people" (Oct. 14).	Washington is still the center of business, but elsewhere the volume of independent thinking is increasing (Oct. 16).	If impatience can be curbed and dangerous political influences held in check, outlook may be regarded as definitely favorable (Sept. 25).	Restoring purchasing power and getting trade moving again is more complex than was generally understood during first stages of the recovery program (October).
dol- re- that ween 20).	Having gone thus far, it is idle to contemplate a return either to really stable money or conservative credit (Oct. 14).	Sentiment in opposition to inflation is increasing, and pronouncements against it have come from influential conventions (Oct. 16).	Federal Reserve banks have continued to expand holdings of government securities without any apparent effect on member bank credit (Sept. 25).	Currency depreciation is an insecure basis for an advance of prices, even of commodities entering world trade and sensitive to such influences (October).
curi- ment long	Stock market, while momentarily sensitive to minor shocks, is resisting drastic decline and revealing a remarkably light volume of selling (Oct. 14).	In security markets the volume of trading is small, and price movements are restricted and hesitant (Oct. 16).	Flotation of new securities in the last few months has been practically at a standstill (Sept. 25).	If bank credit is used to supply mercantile and industrial capital, there is danger that it will foster over-development and intensify destructive competition (October).
ises ming d by ateri-	Through NRA experiment small business men are being driven out and large producers for the moment are hesitating because they know consumers are hesitating (Oct. 7).	More sensitive indexes of business have fallen so much in recent weeks as to have cancelled half of entire advance from last Spring (Oct. 16).	Consumers' demand alone can hardly form the basis of a true industrial recovery (Sept. 25).	Failure of heavy industries to recover commensurately with those making consumer goods is arousing great concern (October).
a up- build onths	As higher prices continue to face buyers in retail stores, there must soon come another period of dull business in distributing lines (Sept. 30).	Effort to increase consumer purchasing power promises help for consumption goods industries where unemployment is slight but offers little for durable goods industries where it is great (Oct. 16).	Increased purchasing power and more optimistic sentiment has begun to assert itself in retail markets (Sept. 25).	Railway carloadings show less than the usual seasonal increase. Retail trade has slowed down (October).
tracts most month over	Gains in building operations are likely to be spasmodic in spite of efforts now being made to speed up such work (Sept. 30).	Sustained increase in volume of building construction would do more to help business recovery than would almost any other development (Oct. 16).	Construction industry depends for its markets, to a large extent, on industrial expansion, rather than current consumption (Sept. 25).	Both residential and non-residential contracts for September were larger than last year, and all classes show gains over August (October).
con- would bring be- com-	Growing unrest of farm population, as living costs rapidly rise, is certain to be dominant note in coming Congress (Sept. 30).	Farmers are complaining that prices of goods they must buy are moving up more rapidly than those of products they sell (Oct. 16).	Sound and substantial business recovery can not take place unless purchasing power of farmers is expanded (Sept. 25).	Fact that prices of farm products have stood still or declined for many weeks while retail prices have advanced rapidly is threat against resumption of upward movement (October).
d (in ately	Attempt to raise prices merely through credit channels, sponsored by the government, will very probably fail (Sept. 30).	Both wholesale and retail prices for manufactured goods are advancing, while agricultural prices are weak (Oct. 16).	Commodity prices have been distinctly firmer than last month, with many irregularities but apparently with a slight upward tendency (Sept. 25).	Advance in retail prices is certain to continue, since stores still have low-priced goods on hand and have by no means marked up stocks to current replacement basis (October).
g im- velop- f war recia-).	It appears likely that Cuba will be granted a higher quota than previously in the American raw sugar market (Sept. 23).		Troublesome problem of war debts has come to fore again to add to already greatly complicated international economic situation (Sept. 25).	Insofar as Cuba's troubles are economic, the U. S. must acknowledge large responsibility for the state of turmoil, disorder and human suffering existing there (October).
of de- taken strice	Gain in total payroll income has been in large measure accomplished through wage rate advances rather than reemployment of workers (Oct. 14).	Probably more workers are employed in October, and aggregate of payroll disbursements is larger, than at any previous time this year (Oct. 16).	A. F. of L. estimated that 2,033,000 persons had been re-employed between March and July, increasing purchasing power at rate of \$5,000,000,000 annually (Sept. 25).	It is one thing to put people to work at expense of increasing industrial costs, but another to keep them at work if market for product is narrowed by resulting higher prices (October).

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